



Legislative Department Seattle City Council Memorandum

Date: April 3, 2012

To: Library, Utilities and Center (LUC) Committee

From: Meg Moorehead, Council Central Staff

Subject: **Every Other Week (EOW) Garbage Pilot Project Rate Ordinance**

THE PILOT PROJECT

The City's long-standing goal to recycle at least 60% of municipal solid waste has not yet been achieved. Shifting weekly garbage service to EOW garbage pick-up is one way to encourage more diversion of waste to recycling and organics containers while also saving \$6 million in citywide collection costs and reducing neighborhood truck traffic. But much is not known about how EOW garbage pick-up would operate and be received in Seattle communities. To obtain this information, the Council added funding for an EOW garbage pilot project into 2011 and 2012 solid waste rates and adopted a 2012 budget proviso to fund the project.

EOW service under the pilot project is proposed to start in July 2012 and be completed no later than January 31, 2013. It will involve approximately 800 single-family residential customers in four neighborhoods. Neighborhoods will be selected to ensure valid results and reflect the diversity of SPU's customer base. EOW service will be mandatory within selected neighborhoods but each customer will receive a stipend of up to \$100 for their participation. The pilot project will evaluate customer choices about can sizes, customer and neighborhood impacts, outreach effectiveness, SPU and contractor operational changes, and how much waste is diverted from garbage cans to recycling and organics containers. It also would evaluate how two new EOW garbage rate structures help meet City goals. Those rates are the subject of the Council Bill under Committee consideration.

EOW GARBAGE RATES

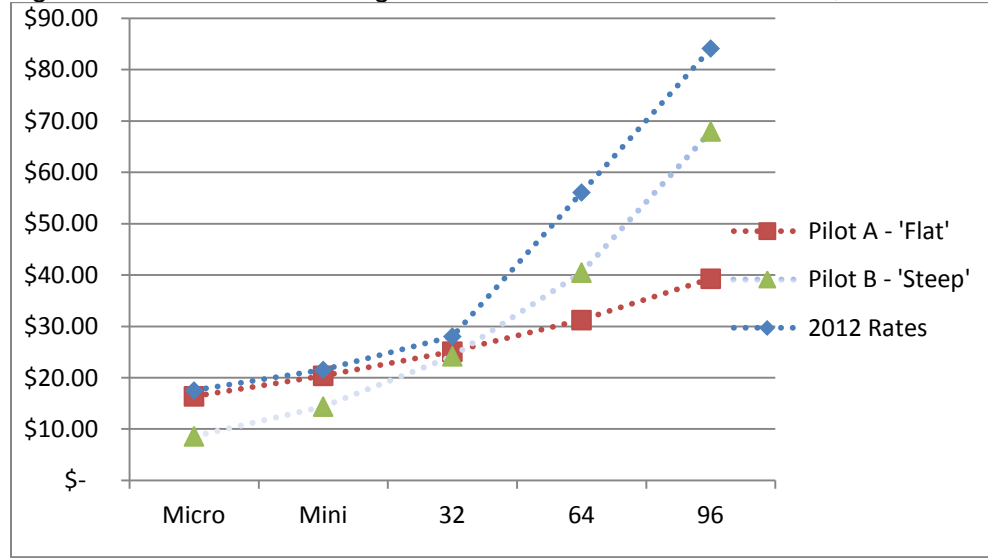
The EOW rates ordinance includes two rate structures: Rate A: "Flat" and Rate B: "Steep."

- Rate A: "Flat." Rate A has smaller price differences between each size of garbage can. This flatter rate structure moderates bill increases for the largest group of customers if they choose to maintain current service levels during the pilot project. About 60% of single-family residential customers currently have weekly pick-up of a 32-gallon garbage can, with up to 64 gallons of garbage picked up over a two-week period. If these customers choose to maintain their current service level with EOW pick-up, they would need to upsize their cans to 64 gallons. Under adopted 2012 solid waste rates, customers are charged twice as much for weekly pick-up of a 64-gallon than for a 32-gallon can. Under EOW Rate A, the charge for

pick-up of a 64-gallon can is about 25% more than for a 32-gallon can. That increase is smaller than the 67% increase between 32-gallon and 64-gallon cans under EOW Rate B.

- Rate B: “Steep.” Adopted 2012 solid waste rates encourage waste reduction and recycling by having fairly large price differences between each can size. Rate B follows a similar but less pronounced pattern, with a charge for a 64-gallon can that is 67% higher than for a 32-gallon can. Figure 1 compares differences in charges under 2012 rates, EOW Rate A and EOW Rate B.

Figure1: Differences in Charges Under 2012 Solid Waste Rates, EOW Rate A and EOW Rate B



To test customer reaction to each rate, the pilot will assign Rate A to some customers in each selected neighborhood and Rate B to the others. Under both Rate A and Rate B, customers who choose to maintain the same level of service (i.e. weekly 32-gallon customers become bi-weekly 64-gallon customers) will pay more per month than they currently pay, \$3.20 more under Rate A and \$12.45 more under Rate B. The increase is to encourage waste reduction and recycling but also shows that expected savings from EOW service are small relative to overall service cost (including the cost of recycling) that is included in garbage rates. Under either Rate A or Rate B, the stipend of up to \$100 will more than compensate nearly all EOW customers for any bill increases over the 6-month pilot project. And, if the typical (32-gallon) customer chooses not to upsize their garbage can, they will save up to \$3.85 a month (\$23.10 over the 6-month pilot project) compared to adopted 2012 garbage rates. Table 1 shows impacts to monthly bills for the typical single-family customer. Rate design highlights and bill impacts also are shown in Attachment A.

Table 1: Monthly Bills for Typical Single-Family Garbage Customer

	<u>2012 rates</u>	<u>EOW Rate A</u>	<u>EOW Rate B</u>
Maintain current service level (64 gallons collected in 2 week period)	\$28.05	\$31.25	\$40.50
Reduced service level (keep 32-gallon can during EOW pilot)	NA	\$25.10	\$24.20

NEXT STEPS

Today's discussion of EOW garbage pilot project and associated rates will be followed by a possible vote in the April 17 or May 1 LUC Committee meeting. After rate adoption, SPU will begin implementation of the pilot project with customer outreach beginning in May.